Study on working of industries abroad

3852. SHRI B.J. PANDA : Will the Minister of COMMERCE AND INDUSTRY be pleased to state :

(a) whether Government are hiring services of consultants to study the working of industries abroad; and

(b) if so, the names of the consultants who are in panel alongwith the terms of references, the contractual terms and the name of industries in the list to be studied ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN) : (a) No, sir.

(b) Does not arise.

Reorganisation of Export Promotion Councils

3853.SHRI K.M. KHAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "Strong Chinese market Sparks Optimism Among US Investors", which appeared in the Financial Express dated the 18th July, 2001;

(b) if so, the reaction of Government thereto;

(c) the steps taken to attract foreign investors, reorganisation of Export Promotion Councils and Federation of Indian Export Organisations;

(d) whether the Export Promotion Councils and the Federation of Indian Export Organisations have failed to adopt the Articles of Association/ Bye-laws formulated and circulated by the Ministry of Commerce; and

(e) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI DIGVIJAY SINGH) : (a) Yes, Sir.

(b) The Government is aware of various factors highlighted in the article which statedly make China an important destination for Foreign Direct Investment (FDI).

(c) With a view to facilitating greater flows of FDI into India, the Government have taken a number of measures. These are listed in the statement enclosed (*See* below). Also keeping in view the significant changes in the international trade environment, Export Promotion Councils (EPCs) and Federation of Indian Export Organizations (FIEO) are being restructured to make them more responsive to the needs of their members as well as to introduce greater professionalism for improving the quality of services being provided to their members.

(d) and (e) The Government has circulated Model Bye-laws/Articles of Association to the EPCs recommending their adoption with a view to rationalising their election and administrative procedures thereby ensuring that real exporters have a more effective say in the management of EPCs and bring about greater efficiency and transparency in their functioning. It is a fact that except for a few EPCs which have adopted the bye-laws formulated and circulated by this Ministry, others have either adopted these with some modifications or are in the process of adopting. FIEO is also in the process of adoption of the bye-laws, separately formulated for them.

Statement

List of Measures adopted with a view to facilitate of greater flows of FDI into India

- Government has permitted, except for a small negative list, access to the automatic route for FDI.
- In the process of liberalisation of FDI policy, the following policy changes have been made :
  - (i) 100% FDI permitted for B to B e-commerce,
  - (ii) Condition of Dividend Balancing on 22 consumer items removed forthwith,
  - (iii) Removal of cap on foreign investment in the Power sector,
  - (iv) 100% FDI permitted in oil-refining.
- Automatic Route is available to proposals in the Information Technology sector, even when the applicant company has a previous joint venture or technology transfer agreement in the same field.
- Automatic Route of FDI upto 100% is allowed in all manufacturing activities in Special Economic Zones (SEZs), except for the following activities :
  - (i) Arms and ammunition, explosives and allied items of defence equipment, defence aircraft and warships ;

(ii) Atomic substances;

(iii) Narcotics and psychotropic substances and hazardous chemicals;

(iv) Distillation and brewing of alcoholic drinks; and

(v) Cigarettes/cigars and manufactured tobacco substitutes.

FDI upto 100% is allowed with some conditions for the following activities in Telecom sector :

(i) ISPs not providing gateways (both for satellite and submarine cables);

(ii) Infrastructure Providers providing dark fiber (IP Category I);

(iii) Electronic Mail; and

(iv) Voice Mail.

- FDI upto 74% permitted for the following telecom services subject to licensing and security requirements (proposals with FDI beyond 49% shall require prior Government approval.) :

(i) Internet service providers with gateways;

(ii) Radio paging; and

(iii) End-to-end bandwidth.

- Offshore Venture Capital Funds/Companies are allowed to invest in domestic venture capital undertakings as well as other companies through the automatic route, subject only to SEBI regulations and sector specific caps on FDI.
- Existing companies with FDI are eligible for automatic route to undertake additional activities covered under automatic route.
- FDI upto 26% is eligible under automatic route in the Insurance sector, as prescribed in the Insurance Act, 1999, subject to their obtaining licence from Insurance Regulatory and Development Authority.
- FDI upto 100% is permitted in airports, with FDI above 74% requiring prior approval of the Government.
- FDI upto 100% is permitted with prior approval of the Government in courier services subject to existing laws and exclusion of activities relating to distribution of letters.

- FDI upto 100% is permitted with prior approval of the Government for development of integrated township, including housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems and manufacture of building material in all metros, including associated commercial development of real estate. Development of land and providing allied infrastructure will form an integral part of township's development.
- FDI upto 100% is permitted on the automatic route for Mass Rapid Transport Systems in all metropolitan cities, including associated commercial development of real estate.
- FDI upto 100% in drugs and pharmaceuticals (excluding those which attract compulsory licensing or produced by recombinant DNA technology and specific cell/tissue targeted formulations) placed on the automatic route.
- The defence industry sector is opened upto 100% for Indian private sector participation with FDI permitted upto 26%, both subject to licensing.
- FDI upto 100% is permitted on the automatic route in hotel and tourism sector.
- NRI investment in foreign exchange is made fully repatriable whereas investments made in Indian rupees through rupee account shall remain non-repatriable.
- International Financial Institutions like ADB, IFC, CDC, DEG, etc., are allowed to invest in domestic companies through the automatic route, subject to SEBI/RBI guidelines and sector specific caps on FDI.
- Industrial licences/Letter(s) of intent issued by the Secretariat for Industrial Assistance (SIA) in the past carrying the condition of export obligation have been exempted from the operation of this condition for items which stand dereserved by an appropriate notification.
- The Foreign Investment Implementation Authority (FIIA) has been set up in the Ministry of Commerce and Industry. The FIIA has mandate to provide translation of Foreign Direct Investment (FDI) approvals into implementation, provide a pro-active one stop after care service to foreign investors by helping them obtain necessary approvals, sort out operational problems and meet with various Government agencies to find solutions to problems and maximising opportunities through a partnership approach.